

IRS News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

www.irs.gov/newsroomPublic Contact: 800.829.1040

IRS Issues Letter on Exempt Organizations

IR-2004-79, June 10, 2004

WASHINGTON — In a letter sent today to national political parties, the Internal Revenue Service reissued guidance regarding political activities by tax-exempt organizations, including churches. The letter supplements information contained in a news release issued by the IRS on April 28th of this year. The IRS has issued a similar news release in each presidential election year since 1992.

“We are sending the letters because we want to ensure that the political committees and the candidates they support understand the rules,” said IRS Commissioner Mark W. Everson. “As Congress considers changes to the law in this area, it is important that political organizations keep in mind the requirements of existing law. Today’s guidance does not represent a change in the rules or a change in how the IRS will administer the law in this area.”

Under the law, organizations described in section 501(c)(3) of the Internal Revenue Code that are exempt from federal income tax are prohibited from directly or indirectly participating or intervening in any political campaign on behalf of, or in opposition to, any candidate for public office. Charities, educational institutions and religious organizations, including churches, are among those that are tax-exempt under this code section.

If the IRS finds a section 501(c)(3) organization engaged in prohibited campaign activity, the organization could lose its tax-exempt status and be subject to an excise tax on the amount of money spent in that activity.

The political campaign prohibition as it applies to churches is discussed in Publication 1828, Tax Guide for Churches and Religious Organizations. This publication, along with other information about the political campaign prohibition, is available on IRS.gov at www.irs.gov/eo.